

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Webber Township	County Lake
Audit Date 6/30/04	Opinion Date 4/29/05	Date Accountant Report Submitted to State: 10/20/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

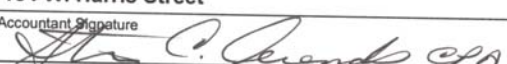
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Baird, Cotter & Bishop, P.C.			
Street Address 134 W. Harris Street		City Cadillac	State MI
Accountant Signature 		ZIP 49601	Date 10-20-05

WEBBER TOWNSHIP, LAKE COUNTY

BALDWIN, MICHIGAN

JUNE 30, 2004

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

JUNE 30, 2004

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WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

JUNE 30, 2004

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MICHAEL D. COOL, C.P.A.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

April 29, 2005

INDEPENDENT AUDITORS' REPORT

To the Township Board
Webber Township
Lake County
Baldwin, Michigan

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Webber Township, Lake County, Baldwin, Michigan as of and for the year ended June 30, 2004, which collectively comprise Webber Township's basic financial statements, as listed in the table of contents. These basic financial statements are the responsibility of the Township's Management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Webber Township, Lake County, Baldwin, Michigan as of June 30, 2004, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note I, the Township has implemented a new financial reporting model as required by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* as of July 1, 2003.

The management's discussion and analysis on pages iii through xi and budgetary comparison information on page 25 and 26 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Webber Township, Lake County, Baldwin Michigan's basic financial statements. The combining and individual fund financial statements, and other supplementary information are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED JUNE 30, 2004

Webber Township, a general law township located in Lake County has implemented the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Webber Township board's discussion and analysis of the financial results for the fiscal year ended June 30, 2004. In future years, comparative information will be provided.

Financial Highlights

Government-Wide

- The assets of the Township exceeded its liabilities at the close of this fiscal year by \$3,382,278 (shown as *Net Assets*), representing an increase of \$12,096 over the previous fiscal year. Governmental Funds had an increase of \$50,415 for the year, while Business-Type activities had a decrease of \$38,319 of the net increase of \$12,096.

Fund Level Financial Highlights

- As of June 30, 2004, the governmental funds of the Township reported combined ending fund balances of \$512,706.
- The unreserved fund balance of the Township's General Fund increased this year to \$369,262, or 142% of total general fund expenditures.

Long-Term Debt

- The Township total debt **increased** by a net amount of \$138,850 during the fiscal year.

Overview of the Financial Statements

The Township's financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements For the first time, this report includes government-wide statements as required by GASB Statement Number 34. The *government-wide financial statements* are designed to provide a broad overview of the Township's financial position. The Statement of Net Assets and the Statement of Activities are two new financial statements that report information about the Township as a whole, and provide measurements of long-term trends. They are presented using a method of accounting that is similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the Township's assets and liabilities, the difference between the two being reported as the Net Assets of the Township. Over time,

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED JUNE 30, 2004

increases or decreases in net assets can serve as a useful indicator of whether the financial position of the Township is improving or deteriorating. An increase in net assets would indicate an improvement in financial condition. On the other hand, a consistent decrease over time in net assets may indicate a decline in the financial health of an organization.

The *Statement of Activities* gives the information on the revenues and expenses causing the underlying change in the government's net assets during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows.

Both of these statements distinguish functions of the Township that are principally supported by property taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or most of their costs through user fees and charges (business-type activities). Governmental activities of the Township include general government and public safety. Business-type activities of the Township include water and sewer utility services.

Focus on Funds

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus has shifted, however, to Major Funds, rather than the previous focus on fund types. The Township's major Governmental Funds include the General Fund and Fire Fund. The major Proprietary Fund includes the Water and Sewer Operations and Maintenance Fund.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Each fund is operated similar to a completely separate entity, with its own set of balancing accounts. The Township uses fund accounting to ensure compliance with finance-related legal requirements. There are three basic types of funds: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds Many of the Township's basic services are reported in the governmental funds. Governmental funds account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This is known as the modified accrual system of accounting. Under this reporting system, capital items, debt payments and certain other items are treated differently than on the government-wide statements. These items are recorded in the governmental fund statements on the Statement of Revenues, Expenditures and Changes in Fund Balance as an expenditure. No depreciation is recorded on capital items. The balance sheet for governmental funds does not include any capital items or long-term debt. Governmental funds for the Township include the General Fund as well as the Fire Fund.

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED JUNE 30, 2004

Proprietary Funds Proprietary funds account for services for which the Township charges its customers for the services they are provided. These charges can be to external customers or other agencies within the Township.

- Enterprise funds are used to report business-like activities of the Township. These activities intend to recover the full cost of the services through the fee charged to the customers. The Township has one enterprise fund, which is the Water and Sewer Operations and Maintenance Fund.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the government. These funds are not reflected in the government-wide financial statements because the resources of the funds are not available for supporting the Township's programs.

Notes to the Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to a complete understanding of the information provided in both the government-wide and the fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

Government-Wide Financial Analysis

The Statement of Net Assets is the first statement in the Government-Wide Financial Statements section of this document. This statement is useful for providing an indicator of the Township's financial position over time. The Net Assets of the Township are \$3,382,278 at June 30, 2004, meaning that the Township's assets were greater than its liabilities by this amount. Because of GASB Statement Number 34, this is the first year that this information is presented; therefore only one year of data is shown. A useful comparative analysis will be presented in future years when the information is available.

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED JUNE 30, 2004

Webber Township
Net Assets as of June 30, 2004

	Governmental Activities	Business-Type Activities	Total
Current assets	\$ 532,892	\$ 307,877	\$ 840,769
Capital Assets	329,670	2,611,345	2,941,015
Total Assets	\$ 862,562	\$ 2,919,222	\$ 3,781,784
Long-term liabilities	\$ 370,955	\$ 0	\$ 370,955
Other liabilities	20,186	8,365	28,551
Total Liabilities	\$ 391,141	\$ 8,365	\$ 399,506
Net Assets			
Invested in capital assets			
net of related debt	\$ (41,285)	\$ 2,611,345	\$ 2,570,060
Restricted	0	0	0
Unrestricted	512,706	299,512	812,218
Total Net Assets	\$ 471,421	\$ 2,910,857	\$ 3,382,278

The most significant portion of the Township's Net Assets is the investment in capital assets (e.g. land, buildings, equipment, infrastructure, and others), less any related debt that is outstanding that the Township used to acquire or construct the asset. The Township has \$812,218 in unrestricted Net Assets. These assets represent resources that are available for appropriation, but are limited by Township policies regarding their use.

The total net assets of the Township increased \$12,096 in this fiscal year, which is a good indicator that the Township experienced positive financial growth during the year. As a result, the Township ended the fiscal year in better condition than when the year started. The following table illustrates and summarizes the results of the changes in the Net Assets for the Township. The condensed information was derived from the government-wide Statement of Activities.

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED JUNE 30, 2004

Webber Township
Change in Net Assets
for the Fiscal Year Ended June 30, 2004

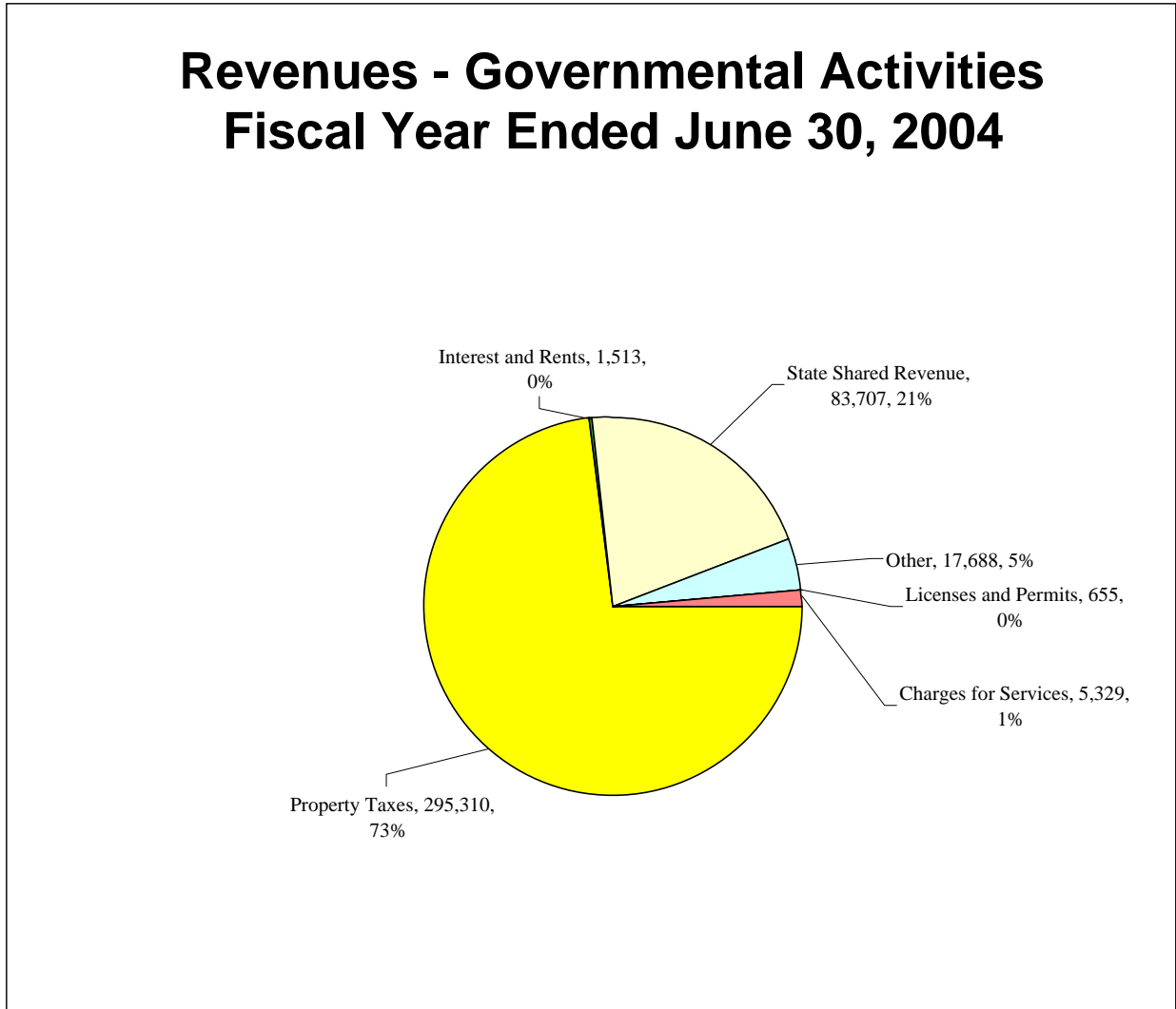
	Governmental Activities	Business-Type Activities	Total
<u>Revenues</u>			
Program Revenues			
Charges for Services	\$ 5,329	\$ 110,592	\$ 115,921
General Revenues			
Property Taxes	295,310	0	295,310
State Shared Revenues	83,707	0	83,707
Licenses and Permits	655	0	655
Unrestricted Investment Earnings	1,513	3,323	4,836
Other	17,688	0	17,688
Total Revenues	\$ 404,202	\$ 113,915	\$ 518,117
<u>Expenses</u>			
Legislative	\$ 81,940	\$ 0	\$ 81,940
General Government	124,167	0	124,167
Public Safety	95,393	0	95,393
Public Works	24,255	0	24,255
Community and Economic Development	3,787	0	3,787
Other Functions	25,507	0	25,507
Water and Sewer	0	150,972	150,972
Total Expenses	\$ 355,049	\$ 150,972	\$ 506,021
Change in Net Assets Before			
Transfers	\$ 49,153	\$ (37,057)	\$ 12,096
Transfers In (Out)	1,262	(1,262)	0
Increase in Net Assets	50,415	(38,319)	12,096
Beginning Net Assets	421,006	2,949,176	3,370,182
Ending Net Assets	<u>\$ 471,421</u>	<u>\$ 2,910,857</u>	<u>\$ 3,382,278</u>

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED JUNE 30, 2004

Governmental Activities

The following chart details the revenue sources for the governmental activities of the Township for the fiscal year ended June 30, 2004:



The most significant portion of the revenue for all governmental activities of the Township comes from Property Taxes (73%). The Township's operating millage remained the same in 2004 at 3.9190 mills.

State shared revenue is collected by the State of Michigan and distributed to local governments by formula allocation of portions of the State sales tax. In 2004, the amount of state shared

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED JUNE 30, 2004

revenue received by the Township trended downward, representing declining sales tax collections and discretionary reductions by the State in revenue sharing payments.

The Township's governmental activities expenses are dominated by General Government expenses that total 35% of total governmental expenses. The Township spent \$124,167 in FY2004 on General Government. Public Safety represented the next largest expense at \$95,393, or 27% of total expenses within the governmental activities.

Business-Type Activities

These activities accounted for a decrease of \$38,319 in the Township's Net Assets.

The Business-Type activities of the Township include the Water Fund and Sewer Operations and Maintenance Fund, which provide water and sewer utility services to Township residents as well as commercial customers.

Financial Analysis of the Government's Funds

Governmental Activities At the completion of the Township's fiscal year ended June 30, 2004, its governmental funds reported fund balances of \$512,706. Of this amount, \$369,262, or 72% is unreserved.

General Fund – The General Fund is the main operating fund of the Township. The General Fund increased its fund balance in this fiscal year by \$37,906, bringing the balance to \$369,262. Unreserved fund balance increased by \$37,906. Only Other Functions ended the year with expenditures above appropriated amounts.

Fire Fund – The Fire Fund is the Special Revenue Fund of the Township responsible for providing fire protection to the Township. The Fire Fund increased its fund balance in this fiscal year by \$29,507, bringing the balance to \$143,444.

Proprietary Funds The Township's proprietary fund provide virtually the same information as the government-wide statements; however more detail may be found in the fund financial statements.

Water and Sewer Operations and Maintenance Fund – The Water and Sewer Operations and Maintenance Fund ended this fiscal year with \$299,512 in unrestricted net assets. The total net assets of the fund decreased by \$38,319.

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED JUNE 30, 2004

Capital Asset and Debt Administration

Capital Assets. The Township's investment in capital assets for the governmental and business-type activities as of June 30, 2004 amounted to \$2,941,015 (net of accumulated depreciation). Capital assets of the Township include any land and buildings purchased that cost in excess of \$5,000 or \$1,000 for all other items, and have an expected useful life of over one year. The Township has invested in a broad range of capital assets, as detailed below:

Webber Township
Capital Assets as of June 30, 2004

	Governmental Activities	Business-Type Activities	Total Primary Government
Water and Sewer System	\$ 0	\$ 2,796,881	\$ 2,796,881
Fire Vehicles	411,584	0	411,584
Subtotal	\$ 411,584	\$ 2,796,881	\$ 3,208,465
Accumulated Depreciation	81,914	185,536	267,450
Net Capital Assets	\$ 329,670	\$ 2,611,345	\$ 2,941,015

Major capital asset events during FY2004 included the following:

- Purchase of US Tanker fire truck in August, 2003 at a cost of \$159,684.

Additional information regarding the Township's capital assets can be found in the Notes to Financial Statements.

Long-Term Debt. As of June 30, 2004, the Township had total debt outstanding of \$370,955. Of this amount, \$370,955 comprises debt backed by the full faith and credit of the Township.

Webber Township Outstanding Debt
General Obligation Debt
as of June 30, 2004

	Governmental Activities	Business-Type Activities	Total Primary Government
Equipment Contracts	\$ 370,955	\$ 0	\$ 370,955

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation based on the Township's assessed valuation of \$46,784,259 is \$4,678,426, which is significantly in excess of the Township's outstanding general obligation debt of \$370,955.

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED JUNE 30, 2004

The Township added new debt in FY2004 of \$159,684 representing the lease purchase agreement for the new US Tanker fire truck. More information on the Township's long-term debt is available in the Notes to Financial Statements.

Contacting the Township's Finance Department

This financial report is designed to provide the wide variety of users of this document with a general overview of the Township's finances and demonstrate the Township's accountability for the money entrusted to it. If you have any questions regarding this report or need additional financial information, please direct your requests to Webber Township, Township Clerk, PO Box 939, Baldwin, Michigan 49304, or call us at (231) 745-3471.

WEBBER TOWNSHIP, LAKE COUNTY

BALDWIN, MICHIGAN

STATEMENT OF NET ASSETS

JUNE 30, 2004

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash	\$ 517,138	\$ 307,877	\$ 825,015
Taxes Receivable	1,976	0	1,976
Intergovernmental Receivable	13,778	0	13,778
Total Current Assets	\$ 532,892	\$ 307,877	\$ 840,769
<u>Non Current Assets</u>			
Capital Assets	\$ 411,584	\$ 2,796,881	\$ 3,208,465
Less Accumulated Depreciation	(81,914)	(185,536)	(267,450)
Total Non Current Assets	\$ 329,670	\$ 2,611,345	\$ 2,941,015
TOTAL ASSETS	\$ 862,562	\$ 2,919,222	\$ 3,781,784

The notes to the financial statements are an integral part of this statement.

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

STATEMENT OF NET ASSETS

JUNE 30, 2004

	Governmental Activities	Business-type Activities	Total
<u>LIABILITIES AND NET ASSETS</u>			
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts Payable	\$ 9,284	\$ 8,365	\$ 17,649
Due to Other Governments	10,902	0	10,902
Current Portion of Long-Term Liabilities	37,175	0	37,175
Total Current Liabilities	\$ 57,361	\$ 8,365	\$ 65,726
<u>Long-Term Liabilities</u>			
Equipment Contracts Payable	\$ 370,955	\$ 0	\$ 370,955
Less Current Portion of Long-Term Liabilities	(37,175)	0	(37,175)
Total Long-Term Liabilities	\$ 333,780	\$ 0	\$ 333,780
Total Liabilities	\$ 391,141	\$ 8,365	\$ 399,506
<u>Net Assets</u>			
Invested in Capital Assets			
Net of Related Debt	\$ (41,285)	\$ 2,611,345	\$ 2,570,060
Unrestricted	512,706	299,512	812,218
Total Net Assets	\$ 471,421	\$ 2,910,857	\$ 3,382,278
TOTAL LIABILITIES AND NET ASSETS	\$ 862,562	\$ 2,919,222	\$ 3,781,784

The notes to the financial statements are an integral part of this statement.

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2004

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<u>Primary Government</u>						
<u>Governmental Activities</u>						
Legislative	\$ 81,940	\$ 0	\$ 0	\$ (81,940)	\$ 0	\$ (81,940)
General Government	124,167	2,040	0	(122,127)	0	(122,127)
Public Safety	95,393	0	0	(95,393)	0	(95,393)
Public Works	24,255	3,289	0	(20,966)	0	(20,966)
Economic Development	3,787	0	0	(3,787)	0	(3,787)
Other Functions	25,507	0	0	(25,507)	0	(25,507)
Total Governmental Activities	\$ 355,049	\$ 5,329	\$ 0	\$ (349,720)	\$ 0	\$ (349,720)
<u>Business-type Activities</u>						
Water & Sewer	150,972	110,592	0	0	(40,380)	(40,380)
Total	<u>\$ 506,021</u>	<u>\$ 115,921</u>	<u>\$ 0</u>	<u>\$ (349,720)</u>	<u>\$ (40,380)</u>	<u>\$ (390,100)</u>
<u>GENERAL REVENUES</u>						
Property Taxes				\$ 295,310	\$ 0	\$ 295,310
State Shared Revenue				83,707	0	83,707
License and Permits				655	0	655
Interest and Rents				1,513	3,323	4,836
Other Revenues				17,688	0	17,688
Transfers				1,262	(1,262)	0
Total General Revenues and Transfers				<u>\$ 400,135</u>	<u>\$ 2,061</u>	<u>\$ 402,196</u>
Change in Net Assets				\$ 50,415	\$ (38,319)	\$ 12,096
<u>NET ASSETS - Beginning of Year</u>				421,006	2,949,176	3,370,182
<u>NET ASSETS - End of Year</u>				<u>\$ 471,421</u>	<u>\$ 2,910,857</u>	<u>\$ 3,382,278</u>

The notes to the financial statements are an integral part of this statement.

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2004

	General Fund	Fire Fund	Total Governmental Funds
<hr/>			
<u>ASSETS</u>			
Cash	\$ 419,106	\$ 79,981	\$ 499,087
Receivables (Net, Where Applicable of Allowances for Uncollectables)			
Taxes	1,317	659	1,976
Intergovernmental	13,778	0	13,778
Due from Other Funds	7,149	63,296	70,445
	<hr/>		
TOTAL ASSETS	\$ 441,350	\$ 143,936	\$ 585,286
	<hr/> <hr/>		
 <u>LIABILITIES AND FUND BALANCE</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 8,792	\$ 492	\$ 9,284
Due to Other Funds	63,296	0	63,296
	<hr/>		
Total Liabilities	\$ 72,088	\$ 492	\$ 72,580
	<hr/>		
<u>Fund Balance</u>			
Reserved for Fire Protection	\$ 0	\$ 143,444	143,444
Unreserved, Undesignated	369,262	0	369,262
	<hr/>		
Total Fund Balance	\$ 369,262	\$ 143,444	\$ 512,706
	<hr/>		
TOTAL LIABILITIES AND FUND BALANCE	\$ 441,350	\$ 143,936	\$ 585,286
	<hr/> <hr/>		

The notes to the financial statements are an integral part of this statement.

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET ASSETS

JUNE 30, 2004

Total Governmental Fund Balances	\$ 512,706
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Amounts reported for governmental activities in the
statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and
are not reported in the funds

The cost of the capital assets is	411,584	
Accumulated depreciation is	<u>(81,914)</u>	329,670

Long term liabilities are not due and payable in the current period and are not
reported in the funds

Equipment Contracts	<u>(370,955)</u>
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NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 471,421</u></u>
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The notes to the financial statements are an integral part of this statement.

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2004

	General Fund	Fire Fund	Total Governmental Funds
<u>Revenues</u>			
Taxes	\$ 203,403	\$ 91,907	\$ 295,310
Licenses and Permits	655	0	655
State Grants	83,707	0	83,707
Charges for Services	5,329	0	5,329
Interest and Rents	1,303	210	1,513
Other Revenue	16,256	1,432	17,688
Total Revenues	<u>\$ 310,653</u>	<u>\$ 93,549</u>	<u>\$ 404,202</u>
<u>Expenditures</u>			
Legislative	\$ 81,940	\$ 0	\$ 81,940
General Government	124,167	0	124,167
Public Safety	0	78,395	78,395
Public Works	24,255	0	24,255
Economic Development	3,787	0	3,787
Other Functions	25,507	0	25,507
Total Expenditures	<u>\$ 259,656</u>	<u>\$ 78,395</u>	<u>\$ 338,051</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 50,997</u>	<u>\$ 15,154</u>	<u>\$ 66,151</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 1,262	\$ 14,353	\$ 15,615
Transfers Out	(14,353)	0	(14,353)
Total Other Financing Sources (Uses)	<u>\$ (13,091)</u>	<u>\$ 14,353</u>	<u>\$ 1,262</u>
Net Change in Fund Balance	<u>\$ 37,906</u>	<u>\$ 29,507</u>	<u>\$ 67,413</u>
<u>Fund Balance</u> - Beginning of Year	<u>331,356</u>	<u>113,937</u>	<u>445,293</u>
<u>Fund Balance</u> - End of Year	<u><u>\$ 369,262</u></u>	<u><u>\$ 143,444</u></u>	<u><u>\$ 512,706</u></u>

The notes to the financial statements are an integral part of this statement.

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2004

Net change in Fund Balances Total Governmental Funds	\$ 67,413
Amounts reported for governmental activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities, these costs are allocated over their estimated useful lives as depreciation.	
Depreciation Expense	(37,832)
Repayments of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it is a reduction in liabilities).	<u>20,834</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 50,415</u></u>

The notes to the financial statements are an integral part of this statement.

WEBBER TOWNSHIP
BALDWIN, MICHIGAN

STATEMENT OF NET ASSETS
PROPRIETARY FUND

JUNE 30, 2004

	<u>Water and Sewer</u>
<u>ASSETS</u>	
<u>Current Assets</u>	
Cash	<u>\$ 307,877</u>
<u>Capital Assets</u>	
Water and Sewer System	\$ 2,796,881
Less Accumulated Depreciation	<u>(185,536)</u>
Net Capital Assets	<u>\$ 2,611,345</u>
TOTAL ASSETS	<u><u>\$ 2,919,222</u></u>
 <u>LIABILITIES AND NET ASSETS</u>	
<u>Current Liabilities</u>	
Accounts Payable	<u>\$ 8,365</u>
<u>Net Assets</u>	
Invested in Capital Assets	\$ 2,611,345
Unrestricted	<u>299,512</u>
Total Net Assets	<u>\$ 2,910,857</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,919,222</u></u>

The notes to the financial statements are an integral part of this statement.

WEBBER TOWNSHIP
BALDWIN, MICHIGAN

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND

JUNE 30, 2004

	<u>Water and Sewer</u>
<u>Operating Revenues</u>	
Charges for Services	<u>\$ 110,592</u>
<u>Operating Expenses</u>	
Fuel	\$ 299
Contracted Services	137,990
Professional Services	142
Telephone and Telegraph	1,191
Heat, Light and Power	8,857
Repairs	1,498
Licenses and Permits	995
Total Operating Expenses	<u>\$ 150,972</u>
Operating Income (Loss)	<u>\$ (40,380)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Interest Income	\$ 3,323
Transfers Out	(1,262)
Total Nonoperating Revenues (Expenses)	<u>\$ 2,061</u>
Change in Net Assets	\$ (38,319)
<u>Net Assets - Beginning of Year</u>	<u>2,949,176</u>
<u>Net Assets - End of Year</u>	<u><u>\$ 2,910,857</u></u>

The notes to the financial statements are an integral part of this statement.

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

JUNE 30, 2004

	<u>Water and Sewer</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers and Users	\$ 110,592
Payment to Suppliers	<u>(143,758)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (33,166)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Transfer to General Fund	<u>\$ (1,262)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	<u>\$ 3,323</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (31,105)
<u>Cash and Cash Equivalents</u> - Beginning of Year	<u>338,982</u>
<u>Cash and Cash Equivalents</u> - End of Year	<u><u>\$ 307,877</u></u>
<u>Reconciliation of Operating Income to Net Cash</u> <u>Provided (Used) by Operating Activities:</u>	
Operating Income (Loss)	\$ (40,380)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Increase (Decrease) in Current Liabilities	
Accounts Payable	<u>7,214</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (33,166)</u></u>

The notes to the financial statements are an integral part of this statement.

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

JUNE 30, 2004

Assets

Cash	\$ 18,051
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Liabilities

Due to Other Funds	\$ 7,149
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Due to Other Governments	10,902
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Total Liabilities	\$ 18,051
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The notes to the financial statements are an integral part of this statement.

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Webber Township is a general law township located in Lake County which operates under the direction of an elected township board. Under the criteria established by accounting principles generally accepted in the United States of America, the Township has determined that there are no component units which should be included in its reporting entity.

B. Government-wide and Fund Financial Statements

During fiscal year 2004, the Township adopted GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statements No. 37 and No. 38, and applied those standards on a retroactive basis. GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset categories.

Invested in Capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, and contributors, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets are often designated, to indicate that management does not consider them to be available for general operations. Unrestricted net assets often have constraints on resources which are imposed by management, but can be modified or removed.

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide focus is more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements are similar to the financial statements presented in the previous financial reporting model.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The accounts of the Township are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

Webber Township reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Fire Fund* accounts for revenue sources that are legally restricted to expenditure for fire protection.

Webber Township reports the following major proprietary funds:

The *Water and Sewer Operations and Maintenance Fund* operates and maintains the water supply and sewer system for some township customers.

Additionally Webber Township reports the following fund types:

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the Township holds for others in an agency capacity.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions involved. Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

the Water and Sewer Fund are charges to customers for sales and services. Operating expenses for enterprise funds and for internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use the restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposits, and short-term investments with original maturities of three months or less from date of acquisition.

The investment policy adopted by the Township Board states the Webber Treasurer is limited to investments authorized by Act 20 of 1943, as amended, and may invest in the following:

1. Commercial paper with a rating of not less than A1 from Moody's and P1 from Standard & Poor's.
2. Mutual funds which are limited to securities whose intention is to maintain a net asset value of \$1.00 per share. Mutual funds registered under the Investment Company Act of 1940, Title I of Chapter 686 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with the authority to purchase only investment vehicles that are legal for direct investment by the Township. This authorization is limited to securities whose intention is to maintain a net asset value of \$1.00 per share.
3. Savings Deposit Receipt which is paid at a stated rate.
4. Savings Account interest is paid in accordance with the policy of the financial institution.
5. Certificate of Deposit – CD – for a specified period for a specified rate.
6. U.S. Treasury Bills
7. U.S. Treasury Notes
8. U.S. Treasury Bonds

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

9. Investment Pools organized under the authority of the Urban Cooperation Act of 1967, 1967 (Ex Sess) PA 7, (MCL 124.501 to 124.512), the Surplus Funds Investment Pool Act, 1982 PA 367 (129.111 to 129.118) and the Local Government Investment Pool Act, 1985 PA 121, (MCL 129.141 to 129.150). Those pools managed by contractual agreement contained in the interlocal agreement, banks and the County Treasurer, respectively.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes attach as an enforceable lien on the property as of the date they are levied. State education taxes are levied and due July 1, and become delinquent after September 14. County and the balance of school taxes are levied and due December 1, and become delinquent after February 14. Collections of school and county taxes and remittances of them are accounted for in the Current Tax Collection Fund. Township property tax revenues are recognized when they become both measurable and available for use to finance Township operations. Amounts which are not expected to be collected within sixty days are treated as deferred revenues.

The 2003 taxable valuation of the Webber Township totaled \$46,784,259, on which ad valorem taxes levied consisted of 3.9190 mills for the Webber Township operating purposes, and 1.9595 mills for Webber Township fire protection. These levies raised approximately \$183,554 for operating purposes and \$91,780 for fire protection.

3. Inventories and Prepaid Items

Inventories are not significant and are expensed as acquired.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for land and buildings and \$1,000 for personal property (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant and equipment of the government are depreciated using the straight line method over the following estimated useful lives:

<u>ASSETS</u>	<u>YEARS</u>
Buildings	50
Building improvements	15-30
Public domain infrastructure	50
Equipment	5-15

5. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

6. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

7. Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budgeted amounts presented are as originally adopted on July 1, 2003, or as amended by the Township Board from time to time throughout the year.

The appropriated budget is prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

B. Funds with Expenditures in Excess of Appropriations were as follows:

In the following funds, expenditures exceeded appropriations:

	<u>APPROPRIATIONS</u>		<u>EXPENDITURES</u>
General Fund			
Other Functions	\$ 18,000	\$	25,507
Water & Sewer Operations and Maintenance Fund	147,265		150,972

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At year-end, the carrying amount of the Township's deposits was \$843,066 and the bank balance was \$866,050. Of the bank balance, \$286,711 was covered by federal depository insurance. The remaining \$579,339 are in accounts which exceed the federal depository insurance of \$100,000 and are also uncollateralized.

The Township's carrying amount of deposits at year-end are shown below:

Lake-Osceola State Bank	
Baldwin, Michigan	
Checking, Savings, and Money Market Accounts	\$ 817,248
Certificates of Deposit	25,818
	<u>\$ 843,066</u>

A reconciliation of cash follows:

Government-wide Statement of Net Assets	
Cash	\$ 825,015
State of Fiduciary Net Assets	
Cash	18,051
	<u>\$ 843,066</u>

B. Receivables

Receivables as of year end for the government's individual major funds, are as follows:

	General	Fire	Water & Sewer Operations & Maintenance	Total
Receivables				
Intergovernmental	\$ 13,778	\$ 0	\$ 0	\$ 13,778
Taxes	1,317	659	0	1,976
	<u>\$ 15,095</u>	<u>\$ 659</u>	<u>\$ 0</u>	<u>\$ 15,754</u>

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

C. Capital Assets

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Capital assets, being depreciated				
Fire Vehicles	\$ 251,900	\$ 159,684	\$ 0	\$ 411,584
Less accumulated depreciation for:				
Fire Vehicles	44,082	37,832	0	81,914
Total capital assets, being depreciated, net	\$ 207,818	\$ 121,852	\$ 0	\$ 329,670
Governmental activities capital assets, net	\$ 207,818	\$ 121,852	\$ 0	\$ 329,670
<u>Business-Type Activities</u>				
Capital assets, being depreciated				
Water and Sewer System	\$ 2,796,881	\$ 0	\$ 0	\$ 2,796,881
Less accumulated depreciation for:				
Improvements other than buildings	185,536	0	0	185,536
Business-type activities capital assets, net	\$ 2,611,345	\$ 0	\$ 0	\$ 2,611,345

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

 Public Safety \$ 37,832

Business-type activities:

 Water and Sewer Operations and Maintenance \$ 0

Construction Commitments:

The government has no outstanding construction commitments as of June 30, 2004.

D. Interfund Receivables, Payables and Transfers

Individual fund interfund receivable and payable balances at June 30, 2004, were:

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

	INTERFUND RECEIVABLES	INTERFUND PAYABLES
General Fund	\$ 0	\$ 63,296
Special Revenue Fund		
Fire Fund	63,296	0
	<u>\$ 63,296</u>	<u>\$ 63,296</u>

Interfund Transfers as of June 30, 2004, were:

	IN	OUT
General Fund	\$ 1,262	\$ 14,353
Water and Sewer Operations and Maintenance Fund	0	1,262
Fire Fund	14,353	0
	<u>\$ 15,615</u>	<u>\$ 15,615</u>

E. Long-Term Debt

The following is a summary of the long-term debt transactions of the Township of Webber for the year ended June 30, 2004:

	LOANS
Long -Term Debt Payable	
At July 1, 2003	\$ 232,105
New Debt Incurred	159,684
Payments on Debt	<u>(20,834)</u>
 LONG-TERM DEBT PAYABLE	
AT JUNE 30, 2004	<u><u>\$ 370,955</u></u>

Debt payable at June 30, 2004 is comprised of the following individual issues:

Governmental Activities

General Obligation

Lease-Purchase Agreement – Luverne Pumper Fire Truck

\$251,900 Lease Purchase Agreement for a Luverne Pumper Fire due in annual installments of \$33,020 which includes principal and interest.

\$ 211,271

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Lease-Purchase Agreement – US Tanker Fire Truck

\$159,684 Lease Purchase Agreement for a US Tanker Fire Truck
Due in annual installments of \$21,998 which includes principal
and interest.

159,684

TOTAL GOVERNMENTAL ACTIVITIES

\$ 370,955

The annual requirements to amortize debt outstanding as of June 30 2004 are as follows:

	<u>LUVERNE PUMPER</u>	<u>US TANKER</u>	<u>TOTAL</u>
<u>2005</u>			
Principal	\$ 21,928	\$ 15,247	\$ 37,175
Interest	11,092	6,751	17,843
Total	<u>\$ 33,020</u>	<u>\$ 21,998</u>	<u>\$ 55,018</u>
<u>2006</u>			
Principal	\$ 23,079	\$ 15,337	\$ 38,416
Interest	9,941	6,661	16,602
Total	<u>\$ 33,020</u>	<u>\$ 21,998</u>	<u>\$ 55,018</u>
<u>2007</u>			
Principal	\$ 24,291	\$ 16,044	\$ 40,335
Interest	8,729	5,954	14,683
Total	<u>\$ 33,020</u>	<u>\$ 21,998</u>	<u>\$ 55,018</u>
<u>2008</u>			
Principal	\$ 25,566	\$ 16,784	\$ 42,350
Interest	7,454	5,214	12,668
Total	<u>\$ 33,020</u>	<u>\$ 21,998</u>	<u>\$ 55,018</u>
<u>2009</u>			
Principal	\$ 26,909	\$ 17,558	\$ 44,467
Interest	6,111	4,440	10,551
Total	<u>\$ 33,020</u>	<u>\$ 21,998</u>	<u>\$ 55,018</u>
<u>2010 - 2014</u>			
Principal	\$ 89,500	\$ 78,712	\$ 168,212
Interest	9,558	9,280	18,838
Total	<u>\$ 99,058</u>	<u>\$ 87,992</u>	<u>\$ 187,050</u>

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

<u>Grand Total</u>	
Principal	\$ 370,955
Interest	91,185
Total	<u>\$ 462,140</u>

F. Fund Balance Reserves and Designations

In order to comply with generally accepted accounting principles and meet certain legal requirements, the Township has reserved fund balances/retained earnings in various funds. These reserves are detailed in the following schedule:

FUND BALANCE/NET ASSETS

Reserved	
Special Revenue Funds	
Fire Fund	
Fire Protection	<u>\$ 143,444</u>

G. Interest Income and Interest Expense

Individual fund interest income and interest expense for the primary government for the year ending June 30, 2004, were:

<u>FUND</u>	<u>INTEREST INCOME</u>	<u>INTEREST EXPENSE</u>
General Fund	\$ 1,303	\$ 0
Fire Fund	210	12,186
Water & Sewer Operation and Maintenance Fund	<u>3,323</u>	<u>0</u>
TOTAL	<u>\$ 4,836</u>	<u>\$ 12,186</u>

IV. OTHER INFORMATION

A. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability, errors and omissions insurance and workers' compensation. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required for the current year or the three prior years.

The Township continues to carry insurance for other risks of loss, including fidelity bonds.

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2004

	GENERAL FUND				FIRE FUND			
	Original Budget	Final Budget	Actual	Variance With Final Budget	Original Budget	Final Budget	Actual	Variance With Final Budget
<u>Revenues</u>								
Taxes	\$ 209,696	\$ 209,696	\$ 203,403	\$ (6,293)	\$ 91,500	\$ 91,500	\$ 91,907	\$ 407
Licenses and Permits	850	850	655	(195)	0	0	0	0
State Grants	88,000	88,000	83,707	(4,293)	0	0	0	0
Charges for Services	17,600	17,600	5,329	(12,271)	0	0	0	0
Interest and Rents	4,100	4,100	1,303	(2,797)	750	750	210	(540)
Other Revenue	26,200	26,200	16,256	(9,944)	1,950	1,950	1,432	(518)
Total Revenues	<u>\$ 346,446</u>	<u>\$ 346,446</u>	<u>\$ 310,653</u>	<u>\$ (35,793)</u>	<u>\$ 94,200</u>	<u>\$ 94,200</u>	<u>\$ 93,549</u>	<u>\$ (651)</u>
<u>Expenditures</u>								
Legislative	\$ 122,050	\$ 122,050	\$ 81,940	\$ 40,110	\$ 0	\$ 0	\$ 0	\$ 0
General Government	147,435	147,435	124,167	23,268	0	0	0	0
Public Safety	0	0	0	0	125,925	125,925	78,395	47,530
Public Works	26,000	26,000	24,255	1,745	0	0	0	0
Economic Development and Assistance	13,450	13,450	3,787	9,663	0	0	0	0
Other Functions	18,000	18,000	25,507	(7,507)	0	0	0	0
Total Expenditures	<u>\$ 326,935</u>	<u>\$ 326,935</u>	<u>\$ 259,656</u>	<u>\$ 67,279</u>	<u>\$ 125,925</u>	<u>\$ 125,925</u>	<u>\$ 78,395</u>	<u>\$ 47,530</u>

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2004

Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 19,511	\$ 19,511	\$ 50,997	\$ 31,486	\$ (31,725)	\$ (31,725)	\$ 15,154	\$ 46,879
<u>Other Financing Sources (Uses)</u>								
Transfers In	\$ 0	\$ 0	\$ 1,262	\$ 1,262	\$ 0	\$ 0	\$ 14,353	\$ 14,353
Transfers Out	0	0	(14,353)	(14,353)	0	0	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ (13,091)	\$ (13,091)	\$ 0	\$ 0	\$ 14,353	\$ 14,353
Net Change in Fund Balance	\$ 19,511	\$ 19,511	\$ 37,906	\$ 18,395	\$ (31,725)	\$ (31,725)	\$ 29,507	\$ 61,232
<u>Fund Balance - Beginning of Year</u>	331,356	331,356	331,356	0	113,937	113,937	113,937	0
<u>Fund Balance - End of Year</u>	<u>\$ 350,867</u>	<u>\$ 350,867</u>	<u>\$ 369,262</u>	<u>\$ 18,395</u>	<u>\$ 82,212</u>	<u>\$ 82,212</u>	<u>\$ 143,444</u>	<u>\$ 61,232</u>

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

GENERAL FUND

BALANCE SHEET
JUNE 30, 2004

ASSETS

Cash	
Checking Accounts	\$ 393,288
Certificates of Deposit	25,818
Taxes Receivable	1,317
Intergovernmental Receivable	13,778
Due from Other Funds	<u>7,149</u>
 TOTAL ASSETS	 \$ 441,350

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 8,792
Due to Fire Fund	<u>63,296</u>
 Total Liabilities	 \$ 72,088

FUND BALANCE

Unreserved	
Undesignated	<u>369,262</u>

TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 441,350</u>
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WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2004

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
Taxes	\$ 209,696	\$ 203,403	\$ (6,293)
Licenses and Permits	850	655	(195)
State Grants	88,000	83,707	(4,293)
Charges for Services	17,600	5,329	(12,271)
Interest and Rents	4,100	1,303	(2,797)
Other Revenues	26,200	16,256	(9,944)
Total Revenues	\$ 346,446	\$ 310,653	\$ (35,793)
<u>EXPENDITURES</u>			
Legislative			
Township Board	\$ 122,050	\$ 81,940	\$ 40,110
General Government			
Supervisor	9,300	7,956	1,344
Election	5,575	2,610	2,965
Assessor	32,475	30,761	1,714
Clerk	11,100	12,095	(995)
Board of Review	6,875	863	6,012
Treasurer	20,650	25,279	(4,629)
Building and Grounds	39,850	24,057	15,793
Cemetery	21,610	20,546	1,064
Public Works	26,000	24,255	1,745
Community and Economic Development	13,450	3,787	9,663
Other Functions	18,000	25,507	(7,507)
Total Expenditures	\$ 326,935	\$ 259,656	\$ 67,279
Excess of Revenues			
Over (Under) Expenditures	\$ 19,511	\$ 50,997	\$ 31,486

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2004

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In (Out)			
Water and Sewer Operating	\$ 0	\$ 1,262	\$ 1,262
Fire Fund	0	(14,353)	(14,353)
Total Other Financing Sources (Uses)	\$ 0	\$ (13,091)	\$ (13,091)
Net Change in Fund Balance	\$ 19,511	\$ 37,906	\$ 18,395
<u>FUND BALANCE - July 1, 2003</u>	<u>331,356</u>	<u>331,356</u>	<u>0</u>
<u>FUND BALANCE - June 30, 2004</u>	<u>\$ 350,867</u>	<u>\$ 369,262</u>	<u>\$ 18,395</u>

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

GENERAL FUND

ANALYSIS OF REVENUES
FOR THE YEAR ENDED JUNE 30, 2004

TAXES

Current Property Tax	\$ 183,554	
Property Tax Administrative Fee	<u>19,849</u>	
Total Taxes		\$ 203,403

LICENSES AND PERMITS

Non-business Licenses and Permits		655
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STATE GRANTS

State Revenue Sharing		
Sales and Use Tax		83,707

CHARGES FOR SERVICES

Cemetery Lots and Grave Openings	\$ 2,040	
Refuse Collection/Transfer Station Fees	<u>3,289</u>	
Total Charges for Services		5,329

INTEREST AND RENTS

Interest Earnings		1,303
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OTHER REVENUES

Miscellaneous		<u>16,256</u>
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TOTAL REVENUES		<u><u>\$ 310,653</u></u>
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WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004

LEGISLATIVE

Township Board

Personal Services

Salaries and Wages \$ 4,862

Supplies

Office Supplies 322

Other Services and Charges

Contracted Services 40,706

Professional Services 5,973

Transportation 49

Equipment Rental 1,238

Printing and Publishing 1,667

Dues and Subscriptions 672

Tax Adjustments 25,725

Miscellaneous 726

Total Legislative \$ 81,940

GENERAL GOVERNMENT

Supervisor

Personal Services

Salaries and Wages

Supervisor \$ 7,924

Supplies

Office Supplies 32

Total Supervisor \$ 7,956

Election

Personal Services

Salaries and Wages \$ 2,199

Supplies

Office Supplies 12

Postage 111

Other Services and Charges

Education and Training 210

Miscellaneous 78

Total Election 2,610

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004

Assessor			
Supplies			
Office Supplies	\$	211	
Other Services and Charges			
Contracted Services		28,815	
Education and Training		1,735	
Total Assessor			30,761
Clerk			
Personal Services			
Salaries and Wages			
Clerk	\$	9,100	
Deputy		1,768	
Supplies			
Office Supplies		327	
Postage		267	
Other Services and Charges			
Dues and Subscriptions		633	
Total Clerk			12,095
Board of Review			
Personal Services			
Salaries and Wages	\$	376	
Other Services and Charges			
Transportation		440	
Miscellaneous		47	
Total Board of Review			863
Treasurer			
Personal Services			
Salaries and Wages			
Treasurer	\$	8,092	
Deputy		8,454	
Supplies			
Office Supplies		1,991	
Postage		5,065	
Other Services and Charges			
Professional Services		1,335	
Miscellaneous		342	
Total Treasurer			25,279

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004

Building and Grounds

Personal Services

Salaries and Wages \$ 2,280

Supplies 331

Other Services and Charges

Plowing 2,265

Telephone 4,125

Public Utilities 6,225

Repairs and Maintenance 8,831

Total Building and Grounds 24,057

Cemetery

Supplies \$ 204

Other Services and Charges

Contracted Services 5,500

Professional Services 1,675

Public Utilities 759

Repairs and Maintenance 12,408

Total Cemetery 20,546

Total General Government 124,167

PUBLIC WORKS

Street Lighting

Other Services and Charges

Public Utilities \$ 20,368

Rufuse Collection and Disposal

Personal Services

Salaries and Wages 3,887

Total Public Works 24,255

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004

COMMUNITY AND ECONOMIC DEVELOPMENT

Planning and Zoning		
Personal Services		
Salaries and Wages	\$	2,719
Supplies		
Office Supplies		356
Postage		37
Other Services and Charges		
Professional Services		125
Dues and Subscriptions		550
		<hr/>
Total Community and Economic Development		3,787

OTHER FUNCTIONS

Insurance and Bonds	\$	17,709	
Employee Benefits			
Medicare and Social Security		4,019	
Workers' Compensation		3,779	
		<hr/>	
Total Other Functions			<hr/> 25,507
Total Expenditures			<hr/> <hr/> \$ 259,656

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

FIRE FUND

BALANCE SHEET
JUNE 30, 2004

ASSETS

Cash	\$ 79,981
Taxes Receivable	659
Due From Other Funds	<u>63,296</u>
 TOTAL ASSETS	 <u><u>\$ 143,936</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 492
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FUND BALANCE

Reserved for Fire Protection	<u>143,444</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 143,936</u></u>
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WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

FIRE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2004

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
Taxes			
Current Property Taxes	\$ 80,000	\$ 91,780	\$ 11,780
Delinquent Property Taxes	11,500	127	(11,373)
Interest	750	210	(540)
Donations	0	100	100
Other Revenues	1,950	1,332	(618)
Total Revenues	\$ 94,200	\$ 93,549	\$ (651)
<u>EXPENDITURES</u>			
Public Safety			
Fire Department			
Snow Plowing	\$ 2,000	\$ 1,210	\$ 790
Wages	20,000	14,037	5,963
Hourly	2,000	865	1,135
Payroll Tax	2,000	1,074	926
Postage	50	27	23
Office Supplies	2,075	591	1,484
Fuel	3,000	927	2,073
Dues	200	419	(219)
Insurance	2,000	2,697	(697)
Telephone	1,500	1,443	57
Travel	1,000	3,364	(2,364)
Fire Truck Lease	0	33,019	(33,019)
Capital Outlay	55,000	528	54,472
Utilities	7,500	6,160	1,340
Repairs	18,000	7,720	10,280
Rentals	200	505	(305)

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

FIRE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2004

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Education	3,000	962	2,038
Extinguishing Agents	300	0	300
Equipment	5,000	2,690	2,310
Miscellaneous	1,100	157	943
Total Expenditures	\$ 125,925	\$ 78,395	\$ 47,530
Excess of Revenues Over (Under) Expenditures	\$ (31,725)	\$ 15,154	\$ 46,879
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In (Out)			
General Fund	0	14,353	14,353
Net Change in Fund Balance	\$ (31,725)	\$ 29,507	\$ 61,232
<u>FUND BALANCE</u> - July 1, 2003	113,937	113,937	0
<u>FUND BALANCE</u> - June 30, 2004	\$ 82,212	\$ 143,444	\$ 61,232

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

WATER AND SEWER OPERATIONS AND MAINTENANCE FUND
STATEMENT OF NET ASSETS

JUNE 30, 2004

ASSETS

CURRENT ASSETS

Cash	\$ 31,898
Water Savings	206,711
Sewer Savings	<u>69,268</u>
 Total Current Assets	 <u>\$ 307,877</u>

CAPITAL ASSETS

Water and Sewer System	\$ 2,796,881
Accumulated Depreciation	<u>(185,536)</u>
 Net Capital Assets	 <u>\$ 2,611,345</u>
 TOTAL ASSETS	 <u><u>\$ 2,919,222</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	<u>\$ 8,365</u>
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NET ASSETS

Invested in Capital Assets	\$ 2,611,345
Unrestricted	<u>299,512</u>
 Total Net Assets	 <u>\$ 2,910,857</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 2,919,222</u></u>

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

WATER AND SEWER OPERATIONS AND MAINTENANCE FUND
SCHEDULE OF REVENUES AND EXPENSES AND CHANGES IN FUND NET ASSETS
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2004

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
<u>OPERATING REVENUES</u>		
Charges for Services	\$ 145,000	\$ 110,592
<u>OPERATING EXPENSES</u>		
Department of Public Works		
Water Supply		
Fuel	\$ 100	\$ 299
Contracted Services	116,700	137,990
Wages	10,215	0
Payroll Taxes	100	0
Testing	600	142
Telephone	1,300	1,191
Utilities	6,900	8,857
Repairs	9,500	1,498
Licenses & Permits	700	995
Insurance	1,000	0
Office Supplies	150	0
Total Operating Expenses	<u>\$ 147,265</u>	<u>\$ 150,972</u>
Operating Income (Loss)	<u>\$ (2,265)</u>	<u>\$ (40,380)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest on Investments	\$ 2,265	\$ 3,323
Transfer Out	<u>0</u>	<u>(1,262)</u>
Total Nonoperating Revenues (Expenses)	<u>\$ 2,265</u>	<u>\$ 2,061</u>
Change in Net Assets	\$ 0	\$ (38,319)
<u>Net Assets - Beginning of Year</u>	<u>0</u>	<u>2,949,176</u>
<u>Net Assets - End of Year</u>	<u><u>\$ 0</u></u>	<u><u>\$ 2,910,857</u></u>

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

WATER AND SEWER OPERATIONS AND MAINTENANCE FUND
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2004

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

Cash Flows from Operating Activities

Cash Received from Customers and Other Revenues	\$ 110,592
Cash Payments to Suppliers for Goods and Services	<u>(143,758)</u>

Net Cash Provided (Used) by Operating Activities	<u>\$ (33,166)</u>
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Cash Flows from Capital and Related Financing Activities

Transfer to General Fund	<u>\$ (1,262)</u>
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Cash Flows from Investing Activities

Interest Received	<u>\$ 3,323</u>
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Net Increase (Decrease) in Cash and Cash Equivalents	\$ (31,105)
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<u>CASH AND CASH EQUIVALENTS</u> - Beginning of Year	<u>338,982</u>
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<u>CASH AND CASH EQUIVALENTS</u> - End of Year	<u><u>\$ 307,877</u></u>
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WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

WATER AND SEWER OPERATIONS AND MAINTENANCE FUND
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2004

RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES:

Cash Flows from Operating Activities:

Operating Income (Loss)	\$ (40,380)
Adjustments to Reconcile Operating Income to	
Net Cash Provided (Used) by Operating Activities	
Accounts Payable Increase (Decrease)	<u>7,214</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (33,166)</u></u>

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

JUNE 30, 2004

	Balance July 1, 2003	Additions	Deductions	Balance June 30, 2004
<u>ASSETS</u>				
Cash				
Commercial Account	\$ 11,758	\$ 1,943,533	\$ 1,937,240	\$ 18,051
<u>LIABILITIES</u>				
Due to Other Funds	\$ 6,190	\$ 238,850	\$ 237,891	\$ 7,149
Due to Other Governments	5,568	1,704,683	1,699,349	10,902
Total Liabilities	\$ 11,758	\$ 1,943,533	\$ 1,937,240	\$ 18,051

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

STATEMENT OF 2003 WINTER PROPERTY TAX ROLL
JUNE 30, 2004

TAXES ASSESSED

County	\$	531,299	
Township			
Operating		183,090	
Fire		91,547	
Schools			
Baldwin Community Schools		794,217	
Intermediate Schools			
Mason-Lake Intermediate		<u>170,006</u>	\$ 1,770,159

TAXES COLLECTED

County	\$	455,596	
Township			
Operating		157,221	
Fire		78,611	
Schools			
Baldwin Community Schools		697,922	
Intermediate Schools			
Mason-Lake Intermediate		<u>145,926</u>	<u>1,535,276</u>

TAXES RETURNED DELINQUENT

County	\$	75,703	
Township			
Operating		25,869	
Fire		12,936	
Schools			
Baldwin Community Schools		96,295	
Intermediate Schools			
Mason-Lake Intermediate		<u>24,080</u>	<u>\$ 234,883</u>

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

STATEMENT OF 2003 WINTER INDUSTRIAL FACILITIES TAX ROLL
JUNE 30, 2004

TAXES ASSESSED

County	\$	1,347	
Township			
Operating		464	
Fire		233	
Schools			
Baldwin Community Schools			
State Share		2,133	
Local Share		237	
Intermediate Schools			
Mason-Lake Intermediate		<u>431</u>	\$ 4,845

TAXES COLLECTED

County	\$	1,347	
Township			
Operating		464	
Fire		233	
Schools			
Baldwin Community Schools			
State Share		2,133	
Local Share		237	
Intermediate Schools			
Mason-Lake Intermediate		<u>431</u>	<u>4,845</u>

TAXES RETURNED DELINQUENT

County	\$	0	
Township			
Operating		0	
Fire		0	
Schools			
Baldwin Community Schools			
State Share		0	
Local Share		0	
Intermediate Schools			
Mason-Lake Intermediate		<u>0</u>	<u>\$ 0</u>

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

STATEMENT OF 2003 SUMMER PROPERTY TAX ROLL
JUNE 30, 2004

TAXES ASSESSED

County	
State Education Tax	\$ 233,635

TAXES COLLECTED

County	
State Education Tax	<u>212,899</u>

TAXES RETURNED DELINQUENT

County	
State Education Tax	<u><u>\$ 20,736</u></u>

WEBBER TOWNSHIP, LAKE COUNTY
BALDWIN, MICHIGAN

STATEMENT OF 2003 SUMMER INDUSTRIAL FACILITIES TAX ROLL
JUNE 30, 2004

TAXES ASSESSED

State of Michigan	
State Education Tax	\$ 1,185

TAXES COLLECTED

State of Michigan	
State Education Tax	<u>1,185</u>

TAXES RETURNED DELINQUENT

County	
State Education Tax	<u><u>\$ 0</u></u>

134 WEST HARRIS STREET
CADILLAC, MICHIGAN 49601
231-775-9789
FAX: 231-775-9749

M. WAYNE BEATTIE, C.P.A.
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JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
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MICHAEL D. COOL, C.P.A.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

April 29, 2005

LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board
Webber Township
Lake County
Baldwin, Michigan

During the course of our audit of the basic financial statements of Webber Township for the year ended June 30, 2004, we noted the following items:

Property Tax Administration Fee

The Township is charging a 1% property tax administration fee. The Township has determined that authorized costs of tax collection will be repeatedly in excess of revenue generated by the administration fee but has not formally taken action to write off this loss. We recommend that the Township keep subsidiary records which reflect property tax administration fee collections and costs and that the board pass a motion to write off the loss annually.

Reportable Condition in Internal Controls

In planning and performing our audit of the basic financial statements of Webber Township for the year ended June 30, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements.

Certain matters considered to be reportable conditions in internal control were noted. We have included a separate letter (letter of reportable conditions) which addresses those items noted.

Cash Not Reconciled

Certain accounts within the Township were not reconciled to the bank and books during the year. The Michigan Department of Treasury Account Procedures Manual requires that this be done on a monthly basis, and that the Clerk and Treasurer reconcile to each other at least monthly.

Balance in Tax Collection Fund

At year end, a balance existed in the Tax Collection Fund. All monies collected by this fund should be timely paid out in accordance with state law.

Receipting and Depositing Funds

Pre-numbered receipts should be issued for all funds received by the Township. By using pre-numbered receipts and issuing receipts for all funds received, the Township can control the receipts by accounting for the used receipts. Also, it allows the Township to track the timeliness of bank deposits during the year. We found checks for cemetery lot sales that were not timely deposited into the Township bank accounts.

Board Minutes

In examining the official board minutes for Township meetings, we were unable to obtain minutes from several meetings. The Township should keep a permanent record of all meetings of the Township board.

Industrial Facilities Tax

During our audit, we noted that payments due to the State of Michigan for Industrial Facilities Tax on the 2002 and 2003 tax rolls were not made. We are available to assist the Township to compute the amount due to the state.

Water and Sewer Fund

During our audit, we discovered that customers were not being billed on a timely basis. We have discussed this situation with Township officers and, in the future, all users will be billed monthly.

Capital Assets

Depreciation records for the Water and Sewer Fund were unavailable. Therefore, no depreciation expense was recorded for the 2003-2004 year financial statements. The Township is presently constructing asset and depreciation amounts for recording and reporting in future financial statements.

General Recordkeeping

The Township is taking steps to improve the accounting and recordkeeping procedures of the Township. New software has been purchased and consultants have been hired to assist the Township to update its recordkeeping procedures.

Annual Audit

Based on the number of issues that are not being taken care of related to recordkeeping at the Township, the State Department of Treasury may require that the Township be audited annually until these items are taken care of. We also believe that the Township should be audited annually until these items are taken care of.

GASB 34

The Governmental Accounting Standards Board has issued Statement #34. The implementation date for the Township for GASB 34 was for the year ending June 30, 2004. We have assisted the Township with complying with any GASB 34 requirements of the State of Michigan and GASB. The financial statements are quite different as a result of this drastic change. We recommend the board review the new financial statements, and we are available to help explain the changes in detail, if needed.

We would like to thank the board for its confidence in our firm and to thank the Township officers for their cooperation.

If you have any questions relative to the above comments and recommendations or other areas of your annual accounting, please feel free to call on us.

Very truly yours,

BAIRD, COTTER AND BISHOP, P.C.

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CERTIFIED PUBLIC ACCOUNTANTS

April 29, 2005

LETTER OF REPORTABLE CONDITIONS

To the Township Board
Webber Township
Lake County
Baldwin, Michigan

In planning and performing our audit of the basic financial statements of Webber Township, Lake County, Baldwin, Michigan for the year ended June 30, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the basic financial statements.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is a material weakness.

This report is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

Very truly yours,

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.